Merger of Air India and Indian

*133. DR. K. MALAISAMY: Will the Minister of CIVIL AVIATION be pleased to state:

(a) what are the plus and minus points in the merger of Air India and Indian;

(b) what is the stage of this process and how long it will take to materialize;

(c) what is the air space available in India and how much is utilized by Air India and Indian on the one side and private air services on the other; and

(d) whether it is a fact that while international traffic is going up by 25 per cent in the last three years, Indian share in the inbound and outbound is much less?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) Merger of Air India and Indian Airlines with the National Aviation Company of India Limited will, *inter alia*:

(i) Create the largest airline in India, comparable in size to the other competitor airlines in Asia;

(ii) Provide an integrated international and domestic footprint, which will significantly enhance customer proposition and allow easy entry into a global airline alliance;

(iii) Enable optimal utilization of existing resources through improvement in load factors and yields on commonly serviced routes as well as deployment of 'freed up' aircraft capacity on alternate routes;

(iv) Provide an opportunity to fully leverage strong assets, capabilities and infrastructure;

(v) Provide an opportunity to leverage skilled and experienced manpower available with both the Transferor Companies to the optimum potential;

(vi) Provide a large and growth oriented company for the people in larger public interest;

(vii) Provide maximum flexibility to achieve financial and capital restructuring through revaluation of assets;

(viii) Provide an increased thrust and focus on Airline Support Businesses.

(b) A new company named National Aviation Company of India Limited (NACIL) has been incorporated on 30.3.2007. The legal and procedural formalities for the merger would be completed shortly and the complete merger of the two airlines is expected to be effected in a phased manner over the next two years.

(c) 2.8 million sq. NM of airspace is available in India for provision of air traffic services. Airspace is a common resource, which could be utilized by various airlines *i.e.* Government owned, private and foreign airlines, as per the schedule approved by DGCA.

(d) The growth of international passenger traffic was 18%, 16.8% and 15.7% during the last three years *viz.* 2004-05, 2005-06 and 2006-07 respectively. During the same period, the Indian share in respect of the growth was 17.6%, 22.8% and 16.6% respectively, almost corresponding to the growth of international passenger traffic.